

ATMOS ENERGY CORPORATION

PBR

Experimental Performance Based Rate Mechanism (Continued)

ACSP

ACSP = Applicable Company Sharing Percentage. The ACSP shall be determined based on the PTAGSC.

Where:

PTAGSC = Percentage of Total Actual Gas Supply Costs. The PTAGSC shall be the TPBRR stated as a Percentage of Total Actual Gas Supply Costs and shall be calculated as follows:

$$PTAGSC = TPBRR / TAGSC$$

Where:

TAGSC = Total Actual Gas Supply Costs. The TAGSC shall be calculated as follows:

$$TAGSC = TAAGCCBL + TAAGCCSL + TAATC$$

If the absolute value of the PTAGSC is less than or equal to 2.0%, then the ACSP of 30% shall be applied to TPBRR to determine CSPBR. If the absolute value of the PTAGSC is greater than 2.0%, then the ACSP of 30% shall be applied to the amount of TPBRR that is equal to 2.0% of TAGSC to determine a portion of CSPBR, and the ACSP of 50% shall be applied to the amount of TPBRR that is in excess of 2.0% of TAGSC to determine a portion of CSPBR. These two portions are added together to produce the total CSPBR.

BA

BA = Balance Adjustment. The BA is used to reconcile the difference between the amount of revenues billed or credited through the CSPBR and previous application of the BA and revenues which should have been billed or credited, as follows:

1. For the CSPBR, the balance adjustment amount will be the difference between the amount billed in a 12 month period from the application of the CSPBR and the actual amount used to establish the CSPBR for the period.
2. For the BA, the balance adjustment amount will be the difference between the amount billed in a 12-month period from the application of the BA and the actual amount used to establish the BA for the period.

Annual Reports

Atmos Energy shall file annual reports to the Kentucky Public Service Commission, describing activities and financial results under the PBR program. These reports shall be filed by August 31 of each calendar year, commencing in 2007.

Review

Within 90 days of the end of the fourth year of the five year extension, the Company will file an evaluation report on the results of the PBR mechanism for the first four years of the extension period. In that report and assessment, the Company will make any recommended modifications to the PBR mechanism.

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ISSUED: January 18, 2010

EFFECTIVE: February 18, 2010

(Issued by Authority of an Order of the Public Service Commission in Case No. 2005-00321 dated February 8, 2006).

ISSUED BY: Mark A. Martin - Vice President of Rates & Regulatory Affairs, Kentucky/Midstates Division